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Exxon joining activity in Utah's historic Tintic District

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As spring warms the mountains so hope springs eternal in the Tintic Mining District.

With the snow pack waning, Exxon Minerals confirmed to The Tribune that it will begin exploration south of Eureka.

There had been rumors that Exxon may already have identified a possible gold prospect.

But Exxon wasn't saying anything other than it is looking for "precious metals."

Tintic, in its time, produced millions of gold and silver and lead-zinc values.

But that was a long time ago. And since, the district has done nothing but beguile and confound.

No matter.

As Exxon resumes its exploration, others also are active — Asarco in the West Tintic District, and Lee Mining Company of Chicago on Anaconda's old North Lilly and Dragon properties.

At the same time, Sunshine Mining Company has resumed shipping fluxing ore from the Trixie mine to Kennecott's Utah Copper Division for use in copper smelting, and the gold-silver is recovered in the refinery process.

Paul Hunter, resident manager for Sunshine, said Sunshine also is deepening the Apex shaft in expectation of drifting north to the back side of the old Burgin lead-zinc silver property.

Re-entry is through quartzite, he said, which should provide sound ground conditions for mining. Kennecott, which developed the Burgin mine, was active in the district for 25 years.

TOUGH MINING CONDITIONS

However, it was plagued by unstable ground conditions and extensive hot water flow at Burgin. Kennecott's abandoned lease was acquired two years ago by Dallas-based Sunshine.

Hunter also said the Burgin mill has been overhauled and is now milling test ores.

Hunter, once general manager for Kennecott in the Tintic District, said Sunshine has made a connection from the Trixie shaft into the workings of the old Eureka Standard mine, the first such re-entry in 50 years.

Sunshine has a lease on properties of Chief Consolidated Mining Company, South Standard Mining Company, Eureka Standard Mining Company and AMAX Inc.

As for the precious metals outlook, gold may not be all that glittering today, but it will be glittering in the long run, contends Martin Wiskemann, portfolio manager of the Franklin Gold Fund (with $137 million in assets, the nation's second largest), one of the Franklin Funds group ($4.5 billion assets).

The Swiss-born Wiskemann was in Salt Lake this week to talk to area brokerages.

Franklin's holdings include shares of about 45 companies for which gold and-or silver is either a principal or major contributor to income.

That ranges from Homestake, nation's largest gold producer, to Newmont Mining, whose properties include the Carlin mine in northern Nevada. It also includes shares of Australian and South African mining companies.

The outlook, he said, is for increased inflation, up to 7 to 8 percent by year's end compared to the "artificially low" 3.2 percent reported for 1983.

That 1983 figure, he noted, reflected a mild winter on the East Coast and in Europe which depressed heating oil prices, low economic activity and a drop in short-term interest rates.

And when you have inflation, gold will start looking better, he says. Gold has been ranging between $370 and $430 an ounce for a year. "I think we can see an average price of $450 in 1984 and $500 by year's end.

While the fund can own bullion, it elects not to. "You're better off owning mining shares. They offer you beautiful leverage."

Indeed, had one bought a Franklin fund share five years ago, he would have seen his investment gain 460 percent.

Contrary to public notions, the Russians are not dumping gold on the market, he said. Their production is only half of that of South Africa. Their sales — through three Russian-owned banks in Europe — have not been disruptive. Gold shares, he says, make sense as diversification in any portfolio. Think of it as you think of an insurance policy.

Europeans, confronted with a major crisis about every 25 years, usually include gold at about 10 percent of their portfolios.

They typically buy on cash basis, he added, and with a long-term view. Americans, he commented, have a more short-term horizon. "And that simply does not work."

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